

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET DOMINANT PRODUCT PRICES
INBOUND MARKET DOMINANT MULTI-SERVICE AGREEMENTS
WITH FOREIGN POSTAL OPERATORS 1
CANADA POST CORPORATION - UNITED STATES POSTAL
SERVICE BILATERAL AGREEMENT (MC2010-35)
NEGOTIATED SERVICE AGREEMENT

Docket No.
R2014-3

**NOTICE OF UNITED STATES POSTAL SERVICE OF FILING ATTACHMENT 2 TO
NOTICE OF TYPE 2 RATE ADJUSTMENT, AND NOTICE OF FILING
FUNCTIONALLY EQUIVALENT AGREEMENT**
(November 15, 2013)

The United States Postal Service (Postal Service) hereby provides Attachment 2 to its Notice of Type 2 Rate Adjustment and Notice of Filing Functionally Equivalent Agreement (“Notice”), which was filed concurrently in this docket. As described in the Notice, Attachment 2 is a redacted copy of the Canada Post Corporation – United States Postal Service Bilateral Agreement, including attachments. As also described in the Notice, the full text of the agreement and supporting financial documentation are being filed separately under seal with the Commission. The Postal Service hereby incorporates the Application for Non-Public Treatment filed with the Notice.

The Postal Service is filing Attachment 2 under separate cover to expedite the filing process.

Respectfully submitted,

UNITED STATES POSTAL SERVICE
By its attorneys:

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November 15, 2013

**CANADA POST CORPORATION – UNITED STATES
POSTAL SERVICE
CONTRACTUAL BILATERAL AGREEMENT**

BETWEEN

CANADA POST CORPORATION,
a corporation incorporated under the
Canada Post Corporation Act, R.S.C. 1985,
c. C-10 as amended, and having its head
office in the City of Ottawa in the Province
of Ontario
("Canada Post")

AND

THE UNITED STATES POSTAL SERVICE,
an independent establishment of the Executive
Branch of the United States Government
having its headquarters in the City of
Washington, District of Columbia
(the "United States Postal Service")

This Agreement governs the exchange, between Canada Post Corporation and the United States Postal Service, of the international products and services addressed in this Agreement (the "International Products and Services") and sets out quality objectives and standards as well as "Pay-for-Performance" incentives for meeting the prescribed quality standards.

NOW THEREFORE in consideration of the mutual covenants set out in this Agreement, Canada Post and the United States Postal Service agree as follows:

1. Definitions

In this Agreement, the following terms shall have the meanings set out below:

"Parties" means Canada Post Corporation (CPC) and the United States Postal Service (USPS).

2. Purposes of this Agreement

The purposes of this Agreement are the following:

- (a) to foster the maintenance and further development of a mutually beneficial relationship on behalf of the Parties' respective customers;
- (b) to set out the principles and general terms and conditions that shall apply to the exchange of International Products and Services between the Parties; and

- (c) to set out the rates that will apply to the exchange of International Products and Services between the Parties.

3. Guiding Principles of the Agreement

(a) The Parties agree to work together to improve the quality of postal services between Canada and the United States in order to better serve the North American market, within the scope of the services they currently provide or may provide during the term of this Agreement. In particular, the Parties agree to provide access to each other's operating networks and services in such a way that for each service provided, to the extent practicable:

- (i) excellence in quality of service performance will be attained and maintained;
- (ii) the flexibility required to meet changing market, regulatory, and logistical conditions will be supported;
- (iii) the costs to each Party of providing services will be minimized; and
- (iv) settlement and payment processes will be electronically-based to the extent practicable, with the objective being to make such processes efficient, timely, and specific to each particular service or type of service.

(b) Each Party agrees to commit the necessary resources to collaborate on product development, enhancements to current products, and specified value-added services required to meet the ever-evolving needs of their customers.

4. Quality of Service

In order to encourage commitment to achievement of high levels of on-time delivery performance and high levels of delivery confirmation scan performance, the Parties agree to continued on-time measurement systems and to Pay-for-Performance arrangements as set out in Attachment 2 – Scanning and On-Time Quality of Service and Pay-for-Performance.

5. Rates

(a) The Parties agree that for each of the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post, the Multi-Services Agreement, and any other services for which a specific agreement with its own terms and conditions is added to this Agreement as an attachment, any adjustments to the rates for the services shall be subject to the terms and conditions of the applicable attached specific agreement.

(b) Each Party agrees that for the services, other than those that are the subject of clause (a), that the other Party provides to it during each of the periods specified in Attachment 1, the first-mentioned Party shall pay the other Party the applicable rates specified in Attachment 1. If the rates are to be amended during the Term, the amendment must be made as an amendment to this Agreement.

6. Terms for the Delivery of EMS Items

The terms and conditions for the delivery of EMS items shall be governed by the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post which is Attachment 3 to this Agreement.

7. Terms for Multi-Services Agreement

The terms and conditions of the Multi-Services Agreement, which includes International Direct Entry Services, Domestic Entry Services and Ancillary Services, are set out in Attachment 4.

8. Settlement Principles

(a) The Parties are committed to the settlement of accounts according to the following principles:

- (i) use of monthly billing, settlement and payment for streams of mail exchanged between the parties using agreed-upon interim values where applicable;
- (ii) generation of independent bills of account for northbound and southbound mail based on the use of PREDES data;
- (iii) quarterly exchange of monthly sampling and preliminary weight data; and
- (iv) annual settlement of accounts using agreed-upon final values where applicable.

9. Shared Surface Transportation Costs

The terms and conditions for the sharing of trans-border transportation costs shall be governed by Attachment 5.

General Provisions

10. Audit

The Parties reserve the right to review, in accordance with a mutually agreed to schedule, the account settlement processes and practices used by each in association with the acceptance, dispatching, recording, and accounting for the volumes exchanged under this Agreement. Notwithstanding the foregoing, each Party reserves the right to restrict access to information it deems to be commercially-sensitive.

11. Meetings

(a) The Parties shall hold an annual meeting during each calendar year of the Term. At each annual meeting, the Parties will discuss and review the following:

- (i) the services being provided and any adjustments required;
- (ii) the addition or deletion of any services;
- (iii) implementation of plans outlined in the Agreement;
- (iv) general compliance with this Agreement; and
- (v) any rate adjustments proposed by either Party.

(b) In addition, the Parties may hold *ad hoc* meetings as required to deal with specific issues.

(c) The Parties agree to continue to hold further meetings on operational issues i.e. Operations face-to-face meetings, city pairs teleconference calls.

12. Confidentiality

(a) Confidential information shared in connection with this Agreement is subject to the confidentiality provisions that are set out in Attachment 6 of this Agreement.

(b) The Parties, through the USPS Chief Privacy Officer and Canada Post's General Manager, Privacy Leader, respectively (each being the Party in question's "Privacy Representative") shall keep each other apprised of significant changes in the administration of records pertaining to individual customers of international mail and the content of those records. In particular, each

Party's Privacy Representative shall advise the other of any significant changes in connection with the following:

- (i) the purposes for which the other Party may use records about individual customers of international mail;
 - (ii) the implementation of adequate measures to safeguard those records;
 - (iii) measures to segregate those records;
 - (iv) the time period for which those records may be kept; and
 - (v) the manner in which that information is to be destroyed when the relevant time period has expired.
- (c) If after having received information of a change under clause (b) the receiving Privacy Representative has a concern, the other Privacy Representative shall give due consideration to the receiving Privacy Representative's concerns with the objective, to the extent possible, of resolving the concern to the mutual satisfaction of both Parties.

13. Procedure Respecting USPS Postal Regulatory Commission Filings

(a) The USPS represents that as part of its legislated requirement to secure the U.S. Postal Regulatory Commission ("PRC") approval of this Agreement and in other subsequent regulatory filings, the USPS is required to file this Agreement and supporting documentation with the PRC in a docketed proceeding. Given that this Agreement contains confidential information of CPC, the disclosure of which could cause harm to CPC, the USPS shall, prior to filing any part of this Agreement with the PRC or any redacted version of any part of this Agreement, consult with CPC with the objective of achieving consensus between the parties with respect to the scope of what the USPS will file, particularly:

- (i) the parts of the Agreement that are to be identified as non-public and claimed as exempt from disclosure;
 - (ii) the placement of any redactions that are to appear in place of the parts identified as non-public; and
 - (iii) the wording that the USPS proposes to use in its applications for non-public treatment of the materials claimed as exempt from disclosure.
- (b) CPC further understands that any unredacted portion of the Agreement and any redactions and supporting information will be available on the PRC's public website, www.prc.gov. In addition, the USPS is required to file other information in connection with this Agreement (including the USPS's revenue, the USPS's cost, or the USPS's volume data) in other PRC dockets, including Dockets ACR 2013, ACR 2014, ACR 2015, etc. For filings in PRC dockets, the parties agree that the provisions of clause (a) shall be read with the necessary changes with the objective of the parties always reaching a consensus with respect to the parts of the material to be filed that are to be identified as non-public and the wording of any redactions and submissions.
- (c) Notwithstanding paragraphs (a) and (b), the USPS shall continue the redaction of or public disclosure of information connected to this Agreement in "Routine Filings" consistent with its practice of such filings in the period including 2009-2013. In such Routine Filings, the notice and consultations requirements of paragraphs (a), (b), and (d) shall not apply. [REDACTED]

[REDACTED]

(d) The USPS agrees that CPC at all times maintains the right, in accordance with the PRC's rules, to address CPC's confidentiality concerns directly with the PRC. The procedure for making an application to the PRC for non-public treatment of materials believed to be protected from disclosure is published as Title 39, Code of Federal Regulations, Section 3007.22 found on the Commission's website: www.prc.gov/Docs.63/63467/Order225.pdf. With the exception of the matters identified in clause (c) above, the USPS will provide CPC with timely notice of the docket numbers of all PRC proceedings in which the USPS has a filing requirement that may involve disclosure to the PRC of matters related to this Agreement or other confidential information of CPC.

(e) Without limiting the generality of the other clauses of this Article, the USPS represents that one aspect of its filing requirements is to give notice to the PRC as to which parts of the Agreement are to be added to the competitive products list and which are to be added to the market dominant products list. In this regard, both parties acknowledge that what may be identified as competitive products and what may be identified as market dominant products in any filing with the PRC are so identified with respect to the U.S.A. market only and would not necessarily have the same classification in the Canadian market.

(f) CPC also acknowledges that USPS shall furnish a copy of this Agreement to the U.S. Department of State.

14. Dispute Resolution Process

(a) Except as otherwise provided in this Agreement, the Parties will endeavour to resolve all disputes between the Parties relating to this Agreement at the level of their respective representatives identified in Article 20.

(b) If the dispute still cannot be resolved, the Parties will escalate it up within their respective organizations. If the dispute cannot be resolved even after it has been escalated to the top level in each organization, *i.e.*, the level of Canada Post's President and United States Postal Service's Postmaster General (or the equivalents to those positions at the time), then, if there is still no resolution, the Parties shall engage in non-binding mediation. If a resolution still cannot be found, the Parties agree to submit the dispute to binding arbitration to take place in Windsor, Ontario (Canada) or Detroit, Michigan (USA). The parties shall alternate between these locations for each separate dispute, with the first such arbitration proceeding being held in Windsor, or another mutually agreed to location, under the Rules of Arbitration of the International Chamber of Commerce (ICC) by three arbitrators appointed in accordance with the Rules. For any reason, which shall include but not be limited to the partial or full enforcement of a binding judgment by the arbitrators, either party may enter said judgment or an award of the arbitrators in any court of competent jurisdiction in the country of the party against whom the judgment or award is to be enforced.

15. Temporary Suspension of Service

Except for payment obligations neither Party shall be liable for temporary suspension of services, delays, or inability to perform due to causes outside of its reasonable control including, but not limited to, acts of God, or labour disruptions. On-Time and Scanning Pay-for-Performance objectives and penalties shall, however, be adjusted to take account of the temporary service suspensions, delays or inability to perform due to causes outside a Party's reasonable control.

16. Assignment

Neither Party may assign this Agreement without the prior written consent of the other Party.

17. Waiver

(a) No delay or omission by either Party to exercise any right or power accruing upon any non-compliance or default by the other Party with respect to any of the terms of this Agreement shall be construed as a waiver of such non-compliance or default.

(b) A waiver by either of the Parties of any breach of the terms of this Agreement shall not be construed to be a waiver of any preceding or succeeding breach.

(c) A Party shall not be deemed to have waived any matter under this Agreement unless that Party has given the other Party a written notice that the first-mentioned Party has waived the matter in question.

18. Conditions Precedent

(a) At the time of signing this Agreement, CPC represents and warrants that it has obtained all necessary approvals for the comprehensive package of rates set out in this Agreement.

(b) The Parties acknowledge and understand that all obligations of the USPS under this Agreement shall be contingent on the USPS receiving approvals from, and/or non-objection by (hereinafter "Conditions Precedent") one or more internal and external bodies that have oversight responsibilities. Conditions Precedent may include but are not limited to: approvals or, if applicable, non-objection, from USPS management, the USPS executive committee, the Governors of the USPS, and the U.S. Postal Regulatory Commission. At the time of signing this Agreement, the USPS represents and warrants that the only Conditions Precedent remaining to be fulfilled on its side are the rate approvals required from the PRC for the southbound "market dominant products" rates and the southbound "competitive products" rates.

(c) The Parties acknowledge that the Agreement might not be approved by the PRC. Until such time as both these Conditions Precedent are fulfilled that are necessary to provide the products or services contemplated under the Agreement, no obligation shall exist for the USPS or CPC and no benefit or rights granted through this Agreement shall inure to either Party unless and until the Conditions Precedent shall have been fulfilled.

(d) In the event that the Conditions Precedent are not fulfilled, the USPS and CPC shall have no liability, which shall include no obligation to pay costs associated with any action taken by CPC prior to the fulfillment of Conditions Precedent. Further, in the event of the failure of any Condition Precedent, neither Party shall be held liable for any damages including, without limitation, the following: actual damages; special damages; indirect damages; incidental damages; punitive damages; consequential damages; or any other damages, which shall include but not be limited to damages for loss of business profits; business interruption; any other loss; and/or any cost incurred by either Party attributable to such non-approval such as attorney's fees.

19. Effect of Partial Invalidity

The invalidity of any portion of this Agreement will not and shall not be deemed to affect the validity of any other provision. In the event that any provision of this Agreement is held to be invalid, the parties agree that the remaining provisions shall be deemed to be in full force and effect.

20. Notices

(a) For each of the Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post, the Multi-Services Agreement, and any other services for which a specific agreement setting out its own terms and conditions is added to this Agreement as an attachment, notices, requests, or other communications with respect to the specific agreement and the services provided under it shall be given in accordance with the terms and conditions of the

relevant attachment without reference to any aspect of the notice provisions that are set out here in the body of this Agreement. All other notices, requests, or other communications required or permitted to be given under this Agreement ("Notices") shall, unless otherwise specifically provided for in this Agreement, be given in writing in accordance with clause (b).

(b) Notices may be:

- (i) personally delivered,
- (ii) sent by EMS, or email, or
- (iii) sent by facsimile to a number provided in each Party's entry in the UPU List of Addresses

to each of the Parties at its respective address as follows:

to United States Postal Service,

EXECUTIVE DIRECTOR
INTERNATIONAL POSTAL AFFAIRS
475 L'ENFANT PLAZA SW ROOM 1P906
WASHINGTON DC 20260-4017
USA
lea.emerson@usps.gov

and to Canada Post,

GENERAL MANAGER
INTERNATIONAL RELATIONS
2701 RIVERSIDE DRIVE SUITE N0220
OTTAWA ON K1A 0B1
CANADA
terry.dunn@canadapost.postescanada.ca

and to such other individuals or addresses as the Parties may advise the other of from time to time.

(c) Any Notice sent by registered mail shall be deemed to have been received by the Party to whom it was addressed on the 5th mail delivery day following the day on which it was posted. Any Notice sent by facsimile shall be deemed to have been received by the Party to whom it was addressed on the day following the day on which it was sent.

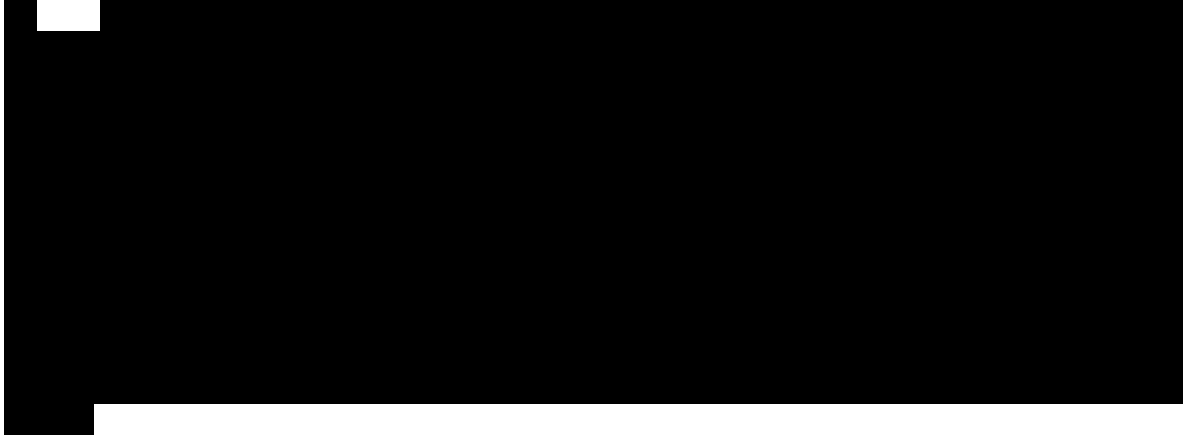
(d) Either Party may change its address for Notice to another address by Notice to the other Party given in accordance with clause (b). All addresses for Notice must be addresses to which Notices can be personally delivered.

21. Term

This Agreement and its Attachments shall bind the Parties for the period beginning on January 1, 2014 (the "Effective Date") and ending on December 31, 2015 (the "Term"), unless terminated earlier in accordance with Article 22. Notwithstanding the Effective Date set forth in the previous sentence, Articles 1 through 30 of this Agreement and Attachment 6 (Confidentiality Provisions) shall be effective immediately upon the later of the Parties' signatures below. This Agreement and all Attachments shall remain in effect from the Effective Date until the Agreement end date or until terminated, except where an Attachment provides otherwise.

22. Termination

(a) Subject to clause (b), either Party may terminate this Agreement without cause upon at least 90 days' written notice to the other Party. However, if this Agreement is terminated under the preceding sentence, each of the specific agreements that are attached to this Agreement shall be deemed to be unaffected by such termination, to the extent that those agreements contain an express method of termination. Each of the specific agreements that are attached to this Agreement may only be terminated in accordance with the terms and conditions of that specific agreement.



23. Negotiated Commercial Arrangement

Each of the Parties acknowledges that this Agreement sets out the terms and conditions of a negotiated commercial arrangement between the Parties and is not an agreement entered into or subject to international law. This Agreement is only binding on the United States Postal Service and Canada Post Corporation as a Crown corporation.

Nothing in this Agreement shall be deemed to create, either express or implied, the power in either Party to bind the other. Neither Party shall be bound by the actions of the other, be liable for the debts of the other, or have a right to share in the profits of the other. This Agreement is not intended to be a joint venture, partnership, or other formal business organization, and neither Party is under any obligation to enter into any further agreement with, or make any additional compensation to, the other Party.

24. Compliance with Applicable Laws when Operating in the Other Party's Country

Nothing in this Agreement shall relieve a Party of its obligation to comply with the laws in force in the other Party's country with respect to any operations that the first-mentioned Party carries out in the other Party's country.

25. Application of the *Universal Postal Convention*

For the period during which both Parties are signatories to the *Universal Postal Convention*, the obligations of the Parties under the *Universal Postal Convention* remain in effect except to the extent that this Agreement defines other terms and conditions or arrangements between the Parties, in which case this Agreement shall take precedence.

26. Survival of Various Articles of the *1981 Postal Convention*

With respect to the "Postal Convention between Canada and the United States of America" that was signed on September 14, 1981, by the Postmasters General of Canada and the United States (the "*1981 Postal Convention*"), the Parties agree to apply Article 7 and Article 23 of the *1981 Postal Convention* and, shall consider taking such steps as necessary to suspend the outdated provisions

of the *1981 Postal Convention* and in any event, between the Parties, the Parties shall consider those outdated provisions to be suspended.

27. Previous Bilateral Agreement Superseded

The Canada Post – United States Postal Service Bilateral Agreement that was signed on December 21, 2011, by the United States Postal Service as represented by its Vice President and Managing Director, Global Business, Giselle Valera, and signed on December 21, 2011 by Canada Post as represented by its Chief Operating Officer, Jacques Côté, is superseded by this Agreement as of January 1, 2014 assuming all conditions precedent are satisfied.

28. Entire Agreement

(a) This Agreement, including the Attachments listed in clause (b), and any other document or portion of a document that is expressly incorporated into this Agreement by reference constitutes the entire umbrella agreement between the Parties for the exchange of International Products and Services and no representations, negotiations, or conditions either oral or written shall bind the Parties except as expressly set out in this Agreement. However, where an attachment to this Agreement is itself set up with a signature block at the end of the attachment, it is a specific agreement in itself and the services to be provided under that specific agreement shall be provided in accordance with the terms and conditions of that specific agreement.

(b) The Attachments to this Agreement as of the signing date are as follows:

Attachment 1 - Rates

Attachment 2 - Scanning and On-Time Quality of Service Measurement and Pay-for-Performance

Attachment 3 – Modified Agreement on the International Exchange of EMS Items between the U.S. Postal Service and Canada Post

Attachment 4 - Multi-Services Agreement

Attachment 5 - Terms for Shared Surface Transportation and Operations Initiatives

Attachment 6 – Confidentiality Provisions

Attachment 7— Product Development and Collaboration Initiatives

Attachment 8 – Agreement on the International Exchange of Express Items between the U.S. Postal Service and Canada Post

Attachment 9 – Agreement on the Exchange of International Business Reply Service (IBRS) and International Merchandise Return Service between the U.S. Postal Service and Canada Post and Product Development for Lightweight International Merchandise Return Service

Attachment 10 – Customer Service

(c) Subject to Article 13, the entire Agreement, or portions thereof, will be filed with the U.S. Postal Regulatory Commission with a notice to add it to the competitive and/or market dominant products list.

29. Amendments to this Agreement

(a) This Agreement may only be amended, or extended, by mutual written agreement signed by authorized representatives of Canada Post Corporation and the United States Postal Service.

(b) Any amendments may be contingent upon each Party obtaining not only its own executive or board approvals, but also approvals or non-objections from governmental bodies that have oversight responsibility. Each of the Parties shall attempt to obtain all such approvals prior to signing any amendment; to the extent either of them has not been able to do so, however, the amendment shall describe the approvals that have not yet been obtained and provide that the amendment will not become effective until such time as all required approvals have been given.

This Agreement is made in duplicate between:

United States Postal Service

Canada Post Corporation

Signature

Signature

**Giselle Valera
Vice President and Managing
Director, Global Business**

**Jacques Côté
Group President Physical Delivery Network**

Date

Date

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ATTACHMENT 2 SCANNING AND ON-TIME QUALITY OF SERVICE MEASUREMENT AND PAY-FOR-PERFORMANCE

A. OBJECTIVES:

1. Provide incentives to encourage competitive levels of customer visibility for scanning of USPS northbound products and CPC's southbound products.
2. Agree on scanning performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each Party's products.
3. Provide incentives to encourage competitive levels of on-time service performance for delivery of USPS northbound products and CPC's southbound products.
4. Agree to on-time delivery performance targets/thresholds, data sources, measurement systems, validation methodology, and financial impacts for Pay-for-Performance incentive arrangements for each Party's products.
5. Both Parties agree that they will provide treatment in the receipt, processing and delivery of postal traffic which is at least comparable to that provided to similar postal traffic from other postal administrations.
6. Both Parties agree that they will give best efforts to unload, receive, process and deliver inbound international mail in accordance with operating plans for such international inbound mail.

B. LETTER POST

General Framework for Measurement and Compensation

The general framework for measurement and compensation of Letter Post products will be the UPU level [REDACTED]

[REDACTED] in effect at the UPU level.

Product streams covered

1. Northbound Letter Post streams excluding M Bags and Registered Mail. [REDACTED]

2. Southbound Letter Post streams excluding M Bags, Registered Mail, Tracked Packet, Canada Post Tracked Packet.

Measurement of On-time Delivery

Measurement of on-time delivery of product in these streams will be based on the US-Canada test pieces included in the [REDACTED].

The delivery standards to be applied will also be those in effect for each of the Parties in the [REDACTED]

However, either Party, in the event of a change to its domestic network structure and/or delivery standards, will submit updated standards, Latest Arrival Times (LATs) and/or Critical Tag Times (CTTs) to the UPU International Bureau and to International Post Corporation (IPC), [REDACTED]

Measurement of on-time delivery service performance for purposes of this Agreement will be limited to product actually sent from the USPS to Canada Post, or from Canada Post to the USPS. The Parties have arranged for the production of reports by IPC in order to apply the rules of the UPU level system only to the test items sent between the Parties.

Quality of Service Pay-for-Performance Financial Elements

Compensation for each year will be based in general on the application of the UPU Terminal Dues Quality Link compensation formula in effect for that year.

C. EMS

General Framework for Measurement and Compensation

The general framework for measurement and compensation of EMS products will be based, in principle, except as provided for in the Determination of Penalties section below, on that laid out in the EMS Cooperative document known as "Pay-for-performance Plan" for 2013 in place for the duration of this bilateral agreement, and in the Modified Agreement on the International Exchange of EMS Items between the United States Postal Service and Canada Post in Attachment 3.

Product streams covered

1. Northbound EMS (also known as the USPS product called Priority Mail Express International)
2. Southbound EMS (also known as the Canada Post product called EMS - Xpresspost USA™ documents and merchandise)

Measurement of Scan Performance

Measurement of scan performance will follow the methods of the EMS Cooperative for arrival scanning and for delivery scanning.

Measurement of On-time Delivery

Measurement of on-time delivery and on-time transmission of delivery scan data will follow the methods of the EMS Cooperative.

The delivery standards to be applied will also be those in effect for each of the Parties with the EMS Cooperative.

However, the Parties may agree to include additional offices for acceptance of inbound product without formal amendment of this Annex. In this case, associated delivery standards information; LAT/CETs, etc. must be reported to either the EMS Cooperative or IPC as appropriate to support the complete tracking of this product.

Either party, in the event of a change to its domestic network structure, or delivery standards, will submit updated standards, LATs and/or CETs to the UPU International Bureau and to IPC. These updates to standards, LATs and / or CETs, once validated by the EMS Cooperative or as agreed to mutually by CPC and USPS, will amend the standards, LATs and or CETs on file with and used by IPC to calculate on-time delivery performance and measurement.

Quality of Service Pay-for-Performance Financial Elements

Pay-for-Performance compensation for each year will be based in general on the application of the EMS plan referenced above.

Determination of Penalties

The following text will modify the general application of "EMS Pay-for-performance Plan 2013" Article 4, paragraphs g through j:

Penalty values for settlement purposes for each stream (northbound or southbound) will be determined on a quarterly basis as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Settlement of Penalties

[REDACTED]

D. Air Parcel Products

General Framework for Measurement and Compensation

Given that the Parties wish to have relatively customized performance measurement arrangements in place for these products, there will not be a general framework based on any existing multilateral third-party performance plan. However, to the extent that this attachment is silent on a particular matter of interest, the Parties may jointly agree in writing, but without formal amendment of this Annex, to apply measures already in place at the UPU level for Parcel services in such instances or to pursue third-party measurement options.

Product streams covered

1. Northbound Air Parcels (also known as the USPS product called Priority Mail International)
2. Southbound Expedited Parcel™ – USA (which must have a CX prefix and be dispatched in the ACN BG or ACN CN streams.)

Measurement of Scan Performance

Basis for measurement

Scan performance for Air Parcel products will be measured based on [REDACTED] Parcel anomalies agreed on as a basis for measurement performed during 2012-2013 will be maintained in this agreement and excluded from the population being measured.

Scan Bar-code Label Prefixes

Scan performance for these bar coded products will be measured based on the population of items for each product using product-specific prefixes on bar codes as listed below:

Product	Product Specific Prefixes on Barcodes
NB Air Parcel	Ca* (a* = any alpha character ranging from A to Z)
SB <i>Expedited Parcel</i> ™ – USA	CX

Exclusion of Return to Sender items

Measurement reports will be designed to ensure the exclusion of Return to Sender (undeliverable, refused, unclaimed) items or such other items as are not in conformity with the bar-coding prefixes described above.

Minimum data transmission quality expectations

The sending party must transmit [REDACTED] items, failing which the financial elements as described below for that product stream will not be applied for that quarter.

Performance reporting frequency

Performance reports will be produced on a monthly basis to support diagnostic activity and to support pay-for-performance. However, as noted later, pay-for-performance penalties will be determined on a quarterly basis, and quarterly reports will be used to support this activity.

Cut-off time interval for inclusion of delivery scan data in the measurement reports

In light of the requirement to match delivery scan data to its associated arrival or dispatch scan data, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

Right to retransmit scan event data

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting a Party may, with notice to the other Party, re-transmit the missing or incorrect scan event data. The Parties have up to 30 days after the issuance of the associated monthly performance measurement report to discover any such failure and to file notice with the other Party, after which such re-transmission will no longer be permitted.

Diagnostic measurement and reporting frequency

For this bilateral, commencing January 1, 2014, the Parties will arrange for the provision of third party performance measurement, of calculation of scanning and on-time performance and of production of reports by International Post Corporation (IPC) at a mutually agreed frequency and schedule.

Financial Elements for Scan Quality Pay-for-Performance

Pay-for-Performance measurement and reporting frequency

Calculation of measurement and production of reports shall be performed by International Post Corporation (IPC) at a mutually agreed frequency and schedule.

Target threshold to be met

For each of the products, the scan target threshold to be met each quarter is [REDACTED].

Penalty Formula/Frequency

The penalty to be assessed for each product for each quarter will be determined as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Penalty Settlement

[REDACTED]

Measurement of On-time Delivery

Basis for measurement

On-time delivery performance will continue to be measured for these products based on the proportion of items which [REDACTED]

[REDACTED] subject to any exclusions indicated below.

Delivery Standards and LAT/CETs to be applied

In principle, once published by the UPU, the parcel delivery standards to be applied (including Latest Arrival Times (LATs) and/or Critical Entry Times (CETs) shall be provided to each party, and also provided to IPC for its third party performance measurement and calculations.

Should a situation arise where either Party does not have UPU level delivery standards for a particular agreed-upon new point of entry, then delivery standards corresponding to that point of entry will be validated according to a process to be agreed upon by the Parties when it is needed.

Either Party, in the event of a change to its domestic network structure and / or delivery standards, will submit updated standards, LATs and/or CETs to the UPU International Bureau and to IPC. These updates to standards, LATs and / or CETs will change the standards, LATs and or CETs on file with and used by IPC to calculate on-time delivery performance and measurement, without the need to formally amend this Annex.

In the event of a change to its domestic network structure and/or delivery standards, either Party can submit its updated standards, LATs and/or CETs to the other Party and to IPC at any time using the notification process described here. The change will take effect on performance measurements starting the first day of the next quarter following such notice. However, to allow IPC sufficient time for amending its measurement systems, the Parties agree to provide a minimum of two weeks advance notification prior to the start of the new quarter in which these updated standards, LATs and / or CETs would take effect.

Stopping the Clock While in Customs

The principles to be applied for stopping the clock for time in Customs are as follows: [REDACTED]

[REDACTED]

Accommodations for Force Majeure

The principles and accommodations to be applied to force majeure will be the same as the approach outlined in the EMS Pay-for-performance Plan 2013 until such time that UPU Parcel rules are approved. However, should either party experience an event or occurrence that may require force majeure considerations in the USPS-CPC air parcels pay for performance arrangement, the notification process found on the UPU website, <http://www.upu.int/en/activities/quality-of-service/force-majeure.html> will be followed.

The affected Party must notify the UPU International Bureau to “open” a force majeure case via the link provided within 24 hours of the event taking place. Parties may opt to use the fax number or the email address (urgent@UPU.int) listed in the link above. The Parties will follow similar provisions for “closing” a force majeure case as well. Once a case has been opened with the UPU, the Parties also agree to notify IPC and later provide the necessary data as requested, so that IPC is prepared to accommodate impacts of a force majeure event that meets the definition and criteria for a valid force majeure event, as outlined in the EMS Pay-for-performance Plan 2013 Article 13, and as addressed by the appropriate bodies reviewing force majeure claims for QLMS and UPU Parcels.

Stopping the Clock for Non-operating Days

National holidays and non-operating days listed in the UPU Parcel Compendium, will be used as basis to stop the clock for measurement and the validation of delivery standards and calculation of on-time delivery.

Exclusion of Remote Locations

The Parties will agree a set of “remote location” postal codes/zip codes for which measurement of on-time performance will not occur, provided always that such lists represent [REDACTED] postal codes/zip codes otherwise being measured, and provided that such lists are supported by an explicit description of the rationale for exclusion (e.g., less-than-5(-or-6)-day delivery to this location).

Exclusion of Return to Sender items

Measurement reports will be designed to ensure the exclusion of Return to Sender (undeliverable, refused, or unclaimed) items or such other items as are not in conformity with the barcoded prefixes described above.

Right to Retransmit Scan Event Data

Upon discovery of a failure to successfully transmit scan event data to the proper location (mail box) for use in measurement reporting, that Party may with notice to the other Party re-transmit the missing or incorrect scan event data. The Parties have up to 30 days after the issuance of the associated monthly Pay-for-Performance measurement report to discover any such failure and file notice with the other Party, after which such re-transmission will no longer be permitted.

Cut-off Time Interval for Inclusion of Delivery Scan Data in the Measurement Reports

In light of the requirement to match delivery scan data to its associated arrival scan data, the measurement reports will be designed to provide for inclusion of delivery scans for up to 30 days after the corresponding dispatch scan for the same item.

[REDACTED]

[REDACTED]

On-Time Quality Pay-for-Performance Financial Elements

Pay-for-Performance Measurement and Reporting Frequency

The Parties will conclude at the earliest opportunity arrangements with IPC to refine and provide measurement reports for all of these same products on a quarterly frequency, starting with the period of January to March, 2014. The Parties will establish with IPC the deadlines for production of such reports, and the support that IPC may require in order to adhere to these deadlines.

Target Threshold to Be Met

For each of the products, the on-time target threshold to be met each quarter is [REDACTED]

Penalty Formula/Frequency

The penalty to be assessed for Northbound Air Parcel and Southbound *Expedited Parcel*™ – USA will be determined as follows:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Penalty Settlement

[REDACTED]

E. PRIME

Product streams covered

1. Northbound: Commercial ePacket, USPS ePacket, USPS Electronic Delivery Confirmation International, First Class Package International Service.
2. Southbound: Tracked Packet, Canada Post Tracked Packet.

Scan Bar-code Label Prefixes

Scan performance for these bar coded products will be measured based on the population of items for each product using product-specific prefixes on bar codes as listed below:

Product Specific Prefixes on Barcodes

1. Northbound:
 - Commercial ePacket, LX,
 - USPS ePacket, LZ,
 - USPS Electronic Delivery Confirmation International, LA to LZ range
 - First Class Package International Service. LA to LZ range
2. Southbound:
 - Commercial Tracked Packet, LA,
 - Canada Post Retail Tracked Packet. LM,
3. Lightweight International Merchandise Return Service, LM.

These include A UD streams, A UX streams. The remainder of items for measurement and remuneration are as defined in Attachment 8.

Appendix “A” – Pay-for-Performance table.

2014 - 2015 CPC - USPS Contractual Bilateral Agreement

Attachment 2, Appendix A

Scanning and On-Time Quality of Service and Pay for Performance

	EMS (SB/NB)	NB Air Parcels / SB Expedited Parcels USA	Letter Post (NB/SB)	PRIME EXPRES (NB/SB)
Pricing Elements				
Pricing Basis (Delivery Confirmation Bundling)				
Scanning Elements				
Included Scans				
Performance Target Threshold				
Measure				
Payment for items w/ missing scans and below threshold ("failures")				
On-Time Elements				
Categories Included				
Delivery Standards				
Holiday Exclusion Treatment				
Remote Location Treatment				
LAT / CETs				
Data Transmission Standards				
Performance Target Threshold				
Delivery time measure				
Payment for items late and below threshold ("failures")				
Reporting Elements				
Diagnostic Reporting Frequency				
P4P Calculation Frequency				
Invoicing Frequency				

ATTACHMENT 4

MULTI-SERVICES AGREEMENT

(for the provision of International Direct Entry and Domestic Entry Services)

This Agreement governs the terms and conditions of the services defined below provided by Canada Post Corporation (CPC) to the United States Postal Service (USPS). CPC and the USPS agree as follows:

1.0 SERVICES

1.1 Subject to the terms and conditions of this Agreement, Canada Post shall provide the services listed below.

1.1.1 "International Direct Entry Services" refers to:

- Addressed AdmailTM (including Dimensional Addressed Admail)
- Publications MailTM
- Incentive LettermailTM and single piece LettermailTM

The above are subject to Postal Customs Clearance upon entry into Canada.

1.1.2 "Domestic Entry Services" refers to:

- Business Reply MailTM
- Unaddressed AdmailTM
- XpresspostTM

XpresspostTM and Unaddressed AdmailTM are subject to commercial Customs clearance upon entry into Canada.

The International Direct Entry Services, the Domestic Entry Services and the Ancillary Services are individually and collectively referred to in this Agreement as "the Services".

1.2 The Services will be subject to the requirements described in the Agreement. The Customer Guides shall be deemed to form part of this Agreement except as modified herein.

1.3 In the event of any conflict or inconsistency between the terms of this Agreement, including its appendices, and any documents incorporated herein by reference (other than the Canada Post Corporation Act or its regulations), the Agreement shall be read in the following order of priority, to the extent of the conflict or inconsistency:

- (a) the clauses of the main body of this Agreement (i.e., the provisions of this document),
- (b) the applicable Customer Guides (including the Canada Postal Guide),
- (c) Annex 1 XpresspostTM Pricing,
- (d) the Price Sheets, and
- (e) All other documents.

1.4 This Agreement is made in accordance with, and subject to the provisions of the *Canada Post Corporation Act*, R.S.C. 1985, c.10 and the Regulations made or continued there under, as amended.

- 1.5 Items meeting the requirements specified in this Agreement will not be subject to Article 26, paragraph 1 "Posting abroad of letter-post items" of the Universal Postal Convention of the 24th Congress held in Geneva.

2.0 DEFINITIONS

- 2.1 In this Agreement, the following terms shall have the corresponding meanings set out below:

"Arriving Exchange Office" means the Canada Post Office of Exchange located in Toronto, Ontario, Canada or such other Canada Post Office of Exchange the parties may agree to in writing.

"Customer Guide" means the Customer Guides or other documentation available from Canada Post from time-to-time which describe each of the Services listed in Sections 1.1.1 and 1.1.2, including any amendments thereto and all documents referenced therein (including, but not limited to, the Canada Postal Guide) and any amendments thereto. A copy of such documents is available at www.canadapost.ca/customer_guides or upon request.

"Domestic Entry items" means those mail items sent using the services described in Section 1.1.2 and which meet the applicable Service requirements. Such items (excluding the Business Reply MailTM) are sent by the USPS to Canada and deposited with Canada Post at an approved Canada Post postal facility.

"International Direct Entry items" means those mail items sent using one of the services described in Section 1.1.1 and which meet the applicable Service requirements. Such items are sent by the USPS to Canada from an Originating Exchange Office and deposited with Canada Post at the Arriving Exchange Office, after receiving postal clearance.

"Effective Date" means the date the last party signs this Agreement.

"Originating Exchange Office" means an Office of Exchange located in the United States of America.

"Originator" means the person (e.g., company or other organization) that has intellectual property rights over the mail items (e.g., whose logo/brand may appear on/in the mail items), which are mailed in accordance with this agreement.

"Service(s)" means the Canada Post services, individually or collectively, described in Section 1.1

"Shipment" means each Deposit of items lodged by an Originator with the USPS, which meet the applicable Service requirement.

"Term" means the period set out in Section 9 of this Agreement.

- 2.2 Other terms not specifically defined in this Agreement have the meanings defined in the applicable Customer Guide, the Canada Postal Guide or other Canada Post publication of application to Customers generally.

3.0 GENERAL PROVISIONS FOR INTERNATIONAL DIRECT ENTRY ITEMS

3.1 International Direct Entry Mail

International Direct Entry items mailed under this Agreement shall be treated as domestic items once inducted in the postal system in Canada and shall be delivered in accordance with Canadian service standards.

3.2.1 Preparation, Samples and Deposit of Items Meeting Service Requirements

The USPS shall ensure all items being deposited as a Shipment meet all the conditions for preparation, packaging, addressing and depositing requirements as outlined in this Agreement including in particular those applicable to the Service the Shipment is to qualify for (e.g., the approved Canadian postage indicia for the applicable Service). In accordance with each applicable Customer Guide, the USPS acknowledges it is responsible to provide samples for each Shipment.

The mail preparation requirements for Addressed Admail™, Publication Mail™ and Incentive Lettermail™ can be found at the following links:

Addressed Admail™ Customer Guide

<http://www.canadapost.ca/tools/pg/customerguides/Advance-CGaddadm-e.pdf>

Publication Mail™

<http://www.canadapost.ca/tools/pg/customerguides/Advance-CGpubmail-e.pdf>

Incentive Lettermail™ Customer Guide

<http://www.canadapost.ca/tools/pg/customerguides/Advance-CGpubmail-e.pdf>

The mail preparation requirements for Incentive Lettermail can be found at the following link: <http://www.canadapost.ca/tools/pg/preparation/default-e.asp>

CPC classification requirements for Standard or Non Standard or Incentive Lettermail can be found at the following link: <http://www.canadapost.ca/tools/pg/standards/PSIm-e.pdf>

Incentive Lettermail must be inducted at any Letter Receipt Verification Office in Canada with an Order. The only acceptable proof of payment for Incentive Lettermail is postal indicia. CPC's postal indicia requirements can be found at the following link: <http://www.canadapost.ca/tools/pg/indicia/default-e.asp>

3.3 Contracting Options

Option A (Access to Discounts): The USPS will be responsible to ensure each Originator who wishes to ship items pursuant to this Agreement completes such documentation as Canada Post may require for Publications Mail or Addressed Admail. In particular, each Originator will be responsible to complete and enter into the agreement with Canada Post for the applicable Service(s). Such Agreement with Canada Post will be the same as the standard agreements signed by Canada Post with its domestic customers. The "Bill To" information will identify either the Originator or the USPS and will be determined on a case-by-case basis. The "Bill To" party will be liable for each such Shipment sent under this Agreement, including but not limited to payment and volume obligations. If the Originator is entitled to any rebates, such rebates will be paid directly to the "Bill To" address. Should the USPS be identified as the "Bill To" party,

it will be responsible to make the necessary arrangements with the Originator with respect to such rebates.

Option B (No discounts): If the USPS wishes to take full responsibility for each Originator's shipment, it may ship qualifying Publications Mail or Addressed Admail, items under this Agreement at the Applicable Published Prices (e.g., standard non-discounted "published" prices available to Canadian customers). Neither the USPS nor the Originator will be entitled to and both will waive all rights to any rebates or discounts that may otherwise be available. The USPS will be responsible to complete the applicable documentation and use the following customer agreement authorization number (03429792) on documentation along with the Originator's name.

3.4 Details of Dispatch for International Direct Entry Items

3.4.1 The USPS agrees to comply with the dispatch information described in 3.4.2 below for each International Direct Entry Shipment. The USPS shall provide Canada Post with the name and address of the Originator of the International Direct Entry items, and provide the appropriate paperwork relevant to each Shipment being sent using the Electronic Shipping Tools. In the case of Option A of paragraph 3.3, the USPS agrees to include the Originator's name, customer number and agreement number. In the case of Option B of paragraph 3.3, the USPS agrees to include the Originator's name and customer agreement authorization number. The USPS shall also indicate its customer number 03429792 as the "Mailed By" and "Paid By" party in the relevant documentation.

3.4.2 Dispatch Information, Labels and Bills

3.4.2.1 Use of Specific Dispatches for International Direct Entry items

- a) Specific dispatch types assigned by the UPU, such as AUH for items requiring priority airmail treatment in Canada and CUH for items requiring non-priority treatment in Canada (Addressed Admail and Publications Mail are non-priority services in Canada. CUH is required for these items.)
- b) All dispatches must be documented electronically in the UPU PREDES message format using AUH or CUH coding as noted in 3.4.2.1 (a) above.
- c) Each pallet or receptacle will bear a CN35 receptacle label with a PREDES message compatible barcode.

3.4.2.2 Exchange Office

International Direct Entry items from the USPS may be dispatched to the:

- Montreal Exchange Office using the CAYMQA code
- Toronto Exchange Office using the CAYTOA code
- Vancouver Exchange Office using the CAYVRA code.

3.4.2.3 Labels and Bills for International Direct Entry Items

Dispatches of International Direct Entry items must conform to UPU requirements for receptacle labels.

USPS and Canada Post do not exchange paper documents, therefore, Letter Bills will not be enclosed with the dispatches.

The practice of sequentially numbered dispatches, sequentially numbered receptacles, total dispatch weight via PREDES is required. Note that International Direct Entry shipments must not be documented on commercial air waybills.

Canada Post's Electronic Shipping Tools must be used for all customer manifesting and International Direct Entry mailings. Each shipment will be accompanied by electronic

shipment manifest data that is compliant with Canada Post's Electronic Shipping Tool (EST) requirements as well as a physical copy of the Electronic Shipping Tool documentation must be attached to each pallet or receptacle.

3.5 Processing stream

The type of mail containerization/receptacle, as well as the receptacle disposition and returns, shall be as provided for in the applicable Customer Guide and related documents unless otherwise mutually agreed to.

3.6 Electronic message exchanges



3.7 Mailings that do not meet Applicable Requirements

The following replaces Section 5 (5.1 – 5.5) in the applicable Communications Guide and Section 8.3.5 in the Parcel Services Guide, under the General Terms and Conditions section entitled "Criteria for Qualification":

International Direct Entry mailings presented for mailing to CPC may be verified to determine compliance with the applicable terms and conditions.

In the event that Canada Post determines any item or mailing is not in compliance with the requirements for the designated type of service set out in the Agreement (or with the *Canada Post Corporation Act and Regulations*), Canada Post will discuss with the USPS alternatives including:

- (a) how to make the order documentation and/or Shipment compliant; and
- (b) the prices, surcharges and/or handling fees applicable based on the level of mail preparation and other requirements. In all cases the USPS will be responsible for such prices, surcharges and/or handling fees as may be applicable and agreed to.

Canada Post, at its discretion, may refuse to accept the item(s) or mailing that do not meet the applicable requirements for deposit.

4.0 GENERAL CONDITIONS FOR DOMESTIC ENTRY ITEMS

4.1 Contracting Options (Unaddressed Admail)

Option A (Access to Discounts): The USPS will be responsible to ensure each Originator who wishes to ship items pursuant to this Agreement completes such documentation as Canada Post may require for Unaddressed Admail. In particular, each Originator will be responsible to complete and enter into the agreement with Canada Post for the applicable Service(s). Such Agreement with Canada Post will be the same as the standard agreements signed by Canada Post with its domestic customers. The "Bill To" information will identify either the Originator or the USPS and will be determined on a case-by-case basis. The "Bill To" party will be liable for each such Shipment sent under this Agreement, including but not limited to payment and volume obligations. If the Originator is entitled to any rebates, such rebates will be paid directly to the "Bill To" address. Should the USPS be identified as the "Bill To" party, it will be responsible to make the necessary arrangements with the Originator with respect to such rebates.

Option B (No Discounts): If the USPS wishes to take full responsibility for each Originator's shipment, it may ship qualifying Unaddressed Admail items as per the

Canada Postal Guide (available at www.canadapost.ca/postalguide) at the Applicable Non-Contract Published Prices. Neither the USPS nor the Originator will be entitled to and both will waive all rights to any rebates or discounts that may otherwise be available.

4.2 General Provisions for [REDACTED] Items

- 4.2.1 [REDACTED] items shipped under this Agreement must meet all requirements for mail being "shipped within Canada". Domestic requirements for [REDACTED] are outlined in the CPC Parcel Services Customer Guide. Such items shall be treated as domestic items once inducted in the postal system in Canada by the USPS (or its agent acting on its behalf) and shall be delivered in accordance with the applicable Canadian domestic service standards.

The application of a work sharing discount associated with the automation of the shipment documentation process, however, will be contingent upon the U.S. Postal Service compliance with Canada Post requirements for [REDACTED] software and item level bar codes to generate electronic billing information within Canada Post.

4.2.2 Preparation, Samples and Deposit of Items Meeting Service Requirements

The USPS shall ensure all items being deposited as a Shipment meet all the conditions for preparation, packaging, addressing and depositing requirements as outlined in CPC Parcel Services Customer Guide

<http://www.canadapost.ca/cpo/mc/business/productsservices/shipping/parcelservicescustomerguide.jsf> CPC domestic conditions include in particular those applicable to the Service the Shipment is to qualify for (e.g., the approved Canadian postage indicia for the applicable Service). In accordance with each applicable Customer Guide, the USPS acknowledges it is responsible to provide samples for each Shipment.

In particular, and within a timeframe to be mutually agreed between CPC and the U.S. Postal Service, all shipments will be expected to conform to the following conditions:

- 1) each shipment will be accompanied by electronic shipment manifest data that is compliant with Canada Post's Electronic Shipping Tool (EST) requirements; and
- 2) individual postal items must have a single return address in Canada.

Parcel Services Customer Guide

<http://www.canadapost.ca/tools/pg/customerguides/default-e.asp?ecid=murl07001049>

4.2.3 Induction Deposit Points for [REDACTED] Items

The USPS, or its agent, acting on its behalf, shall deposit all [REDACTED] items at any Receipt Verification Office in Canada.

4.2.4 Return Service within Canada for [REDACTED] Items

All items will bear the Canadian Return Address (belonging to a commercial vendor who will facilitate returns to USPS). The cost for returns in Canada shall be borne by the USPS unless such items have been postage paid by the party sending the return item.

5.0 PRICES, SETTLEMENT AND ACCOUNTING

5.1 Prices

The prices for services offered under this Agreement are as follows:

- 5.1.1 [REDACTED] provides to the USPS a separate price sheet outlining base prices and other applicable charges. The pricing [REDACTED] is based on volume commitment of [REDACTED] pieces per year and on compliance with the requirement for preparation and deposit of items described above. The pricing is specified in [REDACTED]. During the Term of this Agreement, the prices applicable to each [REDACTED] mailing deposited by the USPS in accordance with this Agreement shall be calculated based on this Price Sheet, as it may be amended from time-to-time. The Customer Guide contains provisions for notice of changes to the price sheet.

Notwithstanding the usual price notifications that are sent from Canada Post from time-to-time adjusting prices for each customer, including the USPS, based on their then current volume commitment level and product preparation compliance, Canada Post will in advance of any such notification, do the following:

- i) determine the number of [REDACTED] items sent by the USPS in the 12-month period leading up to the notification date;
- ii) compare this number to the then current the USPS annual commitment level;
- iii) if the actual number of items exceeds the commitment level, notify a new higher commitment level with prices adjusted according to CPC domestic business practice; and
- iv) if the actual number of items is below the commitment level and/or product preparation compliance is proving to be an ongoing issue, notify an equivalent or lower commitment level with prices adjusted in the latter case, according to CPC business practice.

- 5.1.4 For all other Services not described above, the prices applicable to each mailing deposited under this Agreement shall be the Applicable Published Prices for such service.

5.2 **Transfer of Funds**

All payments due as a result of this Agreement shall be paid within [REDACTED] of invoice. The USPS shall transfer funds to the applicable USPS account held with Canada Post to cover such amounts. [REDACTED]

5.3 **Time to Dispute**

The USPS shall have [REDACTED] from the invoice date to dispute Canada Post's charges. In the event of such a dispute, the USPS must still make timely payment to cover the undisputed balance of the invoice. The Administrations shall work together to resolve any dispute to their mutual satisfaction.

5.4 **Payment Terms**

Except as otherwise provided for in this Agreement, all provisions relating to payment shall be as provided for in the applicable Agreement for the Services.

6.0 **CONFIDENTIALITY**

The terms of this Agreement are strictly confidential and shall not be made public or accessed by third parties without the prior written consent of authorized representatives from both parties.

7.0 **GENERAL TERMS AND CONDITIONS**

7.1 **Authorized Users**

All references to Authorized Users in the Agreement (e.g., Customer Guide) shall be deemed eliminated. The USPS is not entitled to designate any Authorized Users under this Agreement.

7.2 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein. In the event of dispute, the matter shall be adjudicated in Ontario, by an Ontario court of competent jurisdiction.

7.3 Notices

The following replaces Notices section of the Customer Guide (Section 8.22 in Communications Guide and Section 7.2.23 in Parcel Services Guide):

- a) Except as otherwise provided for in this Agreement, any notice given by either party shall be in writing and delivered, sent by trackable postal mail service requiring signature upon delivery representing acceptance by the receiving party. Notices regarding operational and implementation issues may also be sent by e-mail.
- b) Amendments made to the Customer Guide or Canada Postal Guide by Canada Post may be sent to the USPS via e-mail or by hard-copy to the USPS contact listed below.

Notices shall be sent to Canada Post at:

AGREEMENT MONITORING

CANADA POST CORPORATION
2701 RIVERSIDE DR SUITE C0157
OTTAWA ON K1A 0B1

General Contact

Contact name:

Address:

Canada Post

Canada

Email:

Phone #

Fax #

Implementation and Operational Issues

Contact name:

Address:

Canada

e-mail:

Phone:

Fax:

Canada Post Price and Service Information

Contact name:

Address:

Canada Post

Canada

e-mail:

Phone #

Fax #

Notices shall be sent to the USPS at:

THE UNITED STATES POSTAL SERVICE

General Contact

Contact name: Janice Gould Alodah
Program Manager, International Postal Affairs
Address: United States Postal Service
475 L'Enfant Plaza SW Room 1P830
Washington, DC 20260-4017
USA
Phone: 202-268-2571
Fax: 202-268-6016
Email: janice.gould.alodah@usps.gov

Implementation/Operational Issues and Price/Service Information

Contact name: Barry E. Burns
International Product Manager
Address: United States Postal Service
475 L'Enfant Plaza SW Room 2P004
Washington, DC 20260-4017
USA
Phone: (202) 268-4624
Fax: (202) 268-0089
Email: barry.e.burns@usps.gov

7.4 Ownership of Mail

The following replaces the "Ownership of Mail" provision in the applicable Communications Customer Guides (Section 8.24):

The United States Postal Service agrees that items posted under this Agreement will be deposited only on behalf of an Originator.

7.5 Termination

The following replaces the "Termination" provision of the Customer Guide (Section 8.21 in the Communications Services Customer Guides and Section 7.2.22 in the Parcel Services Customer Guide):

Either the United States Postal Service or Canada Post may terminate the Agreement, or any service, at any time, without cause, by giving ninety (90) calendar days notice in writing to the other. Canada Post may immediately terminate the Agreement upon written notice to the United States Postal Service if the United States Postal Service continues to be in default of any of its material obligations for ninety (90) days after being provided with notice of the default and not having remedied the default within the ninety (90) day period.

Termination of the Agreement shall be without prejudice to any rights of the United States Postal Service or Canada Post that have accrued prior to the date of termination.

Neither party shall have a right to damages as a result of termination of the Agreement.

8.0 Entire Agreement and Amendment

- 8.1 This Agreement, including Annex 1 and any other document or portion thereof specifically referenced herein or in the Customer Guides, embodies the entire Agreement for the provision of the Services between the Parties and no representations, negotiations, or conditions either verbal or written shall bind the Parties except as expressly set out in this Agreement. This Agreement supersedes and invalidates all other agreements relating to the subject matter hereof which may have been made by the Parties either orally or in writing prior to the date hereof, including without limiting the foregoing, any non-disclosure or confidentiality agreements but does not invalidate any outstanding payment obligations arising under any such prior agreements.
- 8.2 This Agreement is a commercial agreement that is binding only upon CPC and the USPS and not upon their respective national governments. This Agreement may only be altered, amended, or extended by mutual consent, by means of correspondence between officials of Canada Post or the United States Postal Service who have been authorized to make such alterations or amendments. Any such amendments must be agreed to in writing.
- 8.3 This Agreement shall be deemed to have been signed on the same date as, and by the same representatives of the parties who signed, the Canada Post Corporation – United States Postal Service Contractual Bilateral Agreement. However, as a specific agreement attached to the latter agreement, this Agreement sets out its own terms and conditions and shall be interpreted as a complete agreement in itself without reference to the terms and conditions of the agreement to which it forms an attachment.

9.0 Agreement in Force

- 9.1 The Effective Date of this Agreement shall be January 1, 2014 and shall have effect until December 31, 2014. This Agreement shall be automatically extended for one (1) year (December 31, 2015), if no termination notice is given from one of the two Parties. Notwithstanding anything set out in this Attachment, Domestic Entry Services shall terminate automatically with the bilateral agreement.

ANNEX 1

[REDACTED]

For 2014, the rate sheet is attached.

Pricing for [REDACTED] prior to
price change.



ATTACHMENT 8

Agreement on the International Exchange of Express Items between the U.S. Postal Service and Canada Post

Article 1: Purpose of the Agreement

The purpose of the Agreement shall be to establish mutually agreed terms and conditions for the exchange of Express items between the United States Postal Service (USPS) and Canada Post Corporation (CPC) within the framework of the Canada Post-United States Postal Service Contractual Bilateral Agreement 2014-2015.

Article 2: Precedence of Agreements

Terms of agreements shall be applied in the following order of precedence when interpreting this Agreement in the case of doubt, ambiguity, conflict or dispute:

1. Specific changes noted in the Table of Differences below.
2. Terms of the Canada Post Corporation—United States Postal Service Contractual Bilateral Agreement effective January 1, 2014 through December 31, 2015.
3. Terms of the Express Service Agreement and its Procedures, as adopted 23 December 1999 and amended from time to time, thereafter, excluding rates.

Article 3: Operation of the Express service

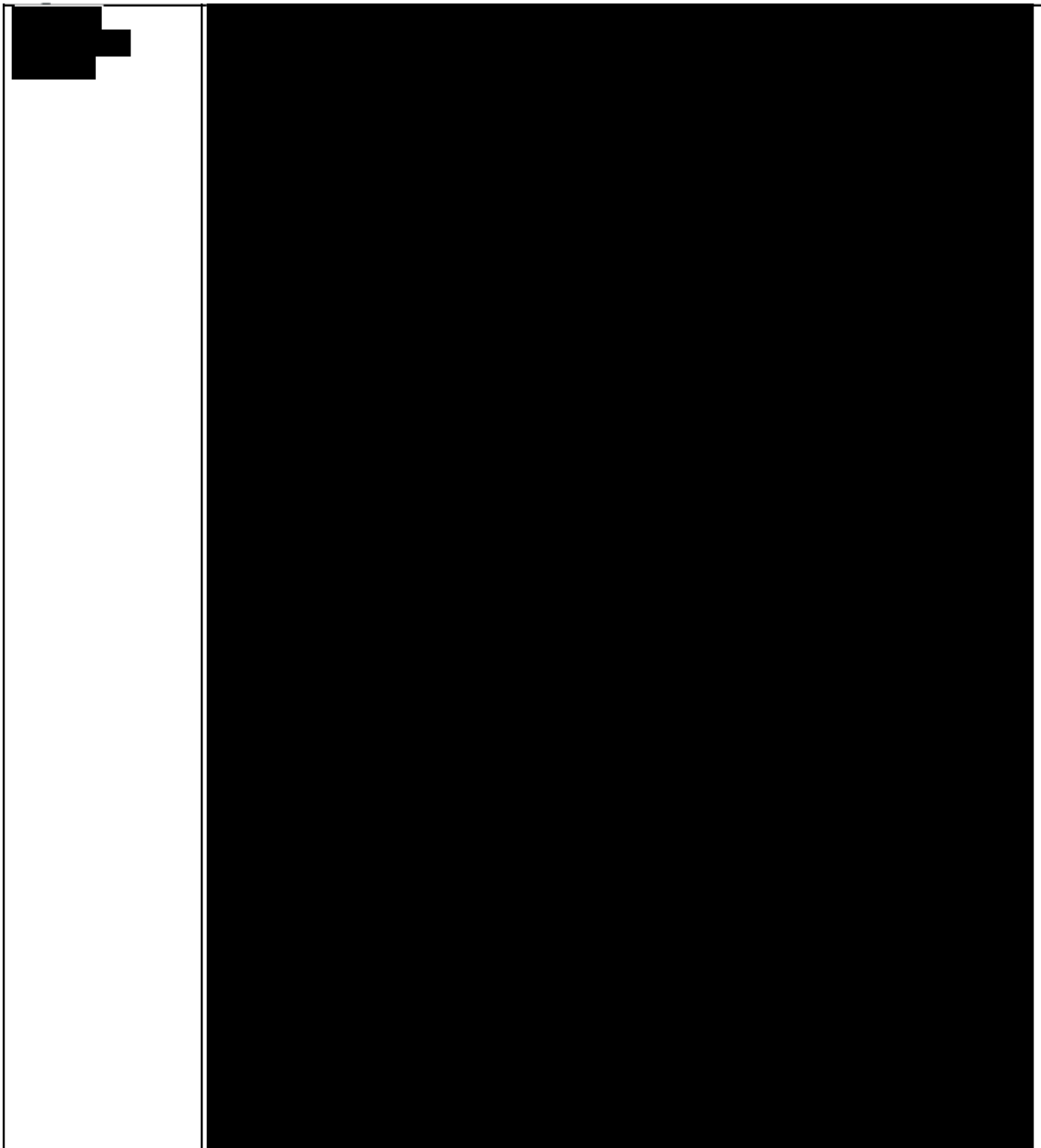
The exchange of Express items between the United States Postal Service and Canada Post shall take place in accordance with the terms of the Express Service Agreement and its Procedures, as adopted in 23rd December 1999 and amended from time to time by the Parties to the agreement or in accordance with its terms and as modified by the changes noted in the Table of Differences below. The rates and the enhanced payment set out in Attachment 8 Annex A and B for Express service will remain in effect for the duration of the Canada Post – United States Postal Service Contractual Bilateral Agreement 2014-2015 and will not be affected by amendments to the Express Service Agreement and may be modified only by written agreement between the United States Postal Service and Canada Post.

Any operational routing, distribution, or sortation changes by either Party require concurrence from the other with regard to both the change and the date of its implementation. This concurrence shall not be unreasonably withheld nor shall implementation be unreasonably delayed.



Table – Differences applied and article references

Article reference in the Exprès Service Agreement	Description of the agreed change related to the Exprès Service Agreement to be applied on a bilateral basis between the United States Postal Service and Canada Post Corporation.
List of the Parties	Replace with United States Postal Service (USPS) and Canada Post Corporation (CPC)
Witnesseth:	<p>Replace with the following:</p> <p>WHEREAS the Parties engage in joint marketing and development to develop products to capture growth opportunities in the North American Market, and</p> <p>WHEREAS the Parties have developed product features and requirements for the exchange of lightweight packets [REDACTED] which they refer to as e-Packets, and</p> <p>WHEREAS the Parties are both parties to the Exprès Service Agreement which provides a basic legal framework for the exchange of such items, and</p> <p>WHEREAS the Parties wish to modify the terms of the Exprès Service Agreement to suit their particular needs better within the context of their own Contractual Bilateral Agreement in accordance with Article 8 of the Exprès Service Agreement,</p> <p>Now therefore, the Parties hereby Agree as follows:</p>
[REDACTED]	<p>Delete the following paragraph [REDACTED]</p> <p>Replace with Article 15 Temporary Suspension of Service from the Contractual Bilateral Agreement between CPC and USPS</p>
[REDACTED]	<p>Amend [REDACTED] and replace with the following:</p> <p>For greater certainty, the Terminal Dues payable by the Sending Party to the Receiving Party are determined by the Canada Post Corporation-United States Postal Service Contractual Bilateral Agreement 2014-2015, as amended. This agreement shall not affect these Terminal Dues or any penalty provisions applicable to them. [REDACTED]</p>
[REDACTED]	<p>Delete title and text of the article.</p> <p>Replace with "Points of Contact"</p> <p>The points of contact for purposes of correspondence concerning this Agreement shall be the same as those identified in Article 20 of the CPC-USPS Contractual Bilateral Agreement currently in effect.</p>





[REDACTED]	<p>Delete existing text and replace with the following:</p> <p>This Agreement shall bind the Parties for a period beginning on the date upon which the removal of any conditions precedent identified by the Parties for the full approval of the terms of this Agreement has been accomplished, including establishment of the agreed upon rates. This Agreement shall remain in effect so long as the CPC-USPS Contractual Bilateral Agreement for the 2014-2015 period remains in effect.</p>
[REDACTED]	Delete title and text and replace title with "Deleted"
[REDACTED]	<p>Replace text with the following:</p> <p>The Annexes referred to in the Expres Services Agreement and Appendix 1 to this Agreement are integral parts of this Agreement. Together, they constitute the entire agreement and understanding between the Parties within the context of the CPC-USPS Contractual Bilateral Agreement.</p>
[REDACTED]	Delete title and text and replace title with "Deleted"
[REDACTED]	Delete title and text and replace title with "Deleted"
[REDACTED]	Delete 2 nd paragraph, "The Steering Committee is empowered to amend...."
[REDACTED]	Delete title and text and replace title with "Deleted"
Annex 1: Definitions	<p>Replace the definition of Agreement with the following:</p> <p>The Agreement on the International Exchange of Expres Items between the U.S. Postal Service and Canada Post, included as Attachment 8 to the 2014-2015 Canada Post Corporation – United States Postal Service Contractual Bilateral Agreement, as amended.</p> <p>[REDACTED]</p> <p>Delete the term Steering Committee and its definition.</p>
Annex 2: USPS United States of America (as updated and approved at the PRIME Steering Committee meeting in April, 2013)	[REDACTED]